



Irish Life Weekly Investment Bulletin

The week that was – WEEK 33 (ending 12/08/2016)

“ Opportunity is missed by most people because it is dressed in overalls and looks like work. ”
– Thomas A. Edison

Irish government borrowing costs drop to record low – Ireland's cost of borrowing hit a record low with the yield on Irish 10-year bonds falling to 0.37%, resulting from fall in peripheral euro zone bond yields in light of the U.K. vote to leave the European Union. The yield was 0.84% before the Brexit vote on 23 June.

Irish inflation hits 3-year high – Latest figures from the Central Statistics Office showed a 0.5% annualised increase in consumer prices in July, the highest annualised rate since July 2013. The main driver was a 6.6% jump in the cost of miscellaneous goods and services — largely motor, health and home insurance prices.

Irish mortgage drawdowns reach highest level since 2010 – Data for the second quarter, released by the Banking & Payments Federation Ireland (BPFI) showed that 6,803 mortgages were drawn down - with a value of almost €1.3 billion - an increase of 11.2% on Q2 2015 and the highest Quarter 2 total since 2010.

Global stock market up 1% on the week – The World stock market (MSCI AC World) was up 1.0% in local currency to 12th August from 5st August underpinned in part by a rebound in prices for crude oil. All three major U.S. equity indices - S&P 500, Dow Jones Industrial Average and Nasdaq – hit record highs on Thursday.

Eurozone economic growth slows – The Eurozone's economy expanded 0.3% in quarter 2 reducing from 0.6% growth in the previous quarter and which matched expectations in a Reuters poll of economists. Among the largest economies, a higher than expected 0.4% in Germany was overshadowed by a surprise 0% in Italy.

U.S. Fed less likely to increase rates as sales data disappoints – U.S. retail sales were unchanged in July, a worrisome sign for an economy being boosted by consumer consumption. A 0.4% drop in the Producer Price Index reinforced some views that the Federal Reserve may stay on sidelines despite robust jobs market.

The Story of the week: A police 'wanted suspect' sketch, released by the Cumru Township Police Department in Pennsylvania, has been described as the worst ever published and mercilessly mocked online after it was shared by Fox 29. Local news channels report the man is wanted in connection with a convenience store robbery and the sketch is giving people nightmares. It has led the suspect to be compared to Greta from the Gremlins and Nicholas Cage.

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Index Performances and Market Data*

Equity Markets % (in Local Currency)	2011	2012	2013	2014	2015	2016 YTD (to 12/08)
ISEQ Overall Return	2.6	20.5	35.8	16.8	33.6	-10.0
FTSE 100 TR	-2.2	10.0	18.7	0.7	-1.3	14.2
Euro Stoxx 50 TR	-14.1	18.1	21.5	4.0	6.4	-4.4
S&P 500 TR	2.1	16.0	32.4	13.7	1.4	8.3
Nasdaq Composite	-1.8	15.9	38.3	13.4	5.7	4.5
Nikkei 225	-17.3	22.9	56.7	7.1	9.1	-11.1
MSCI Emerging Markets	-14.9	13.9	0.9	2.6	-8.0	9.3
MSCI AC World	-8.5	13.2	22.9	7.2	-0.7	3.5
Sovereign 10yr Bond Yields (%)	2011	2012	2013	2014	2015	2016 YTD
U.S.	1.9	1.7	3.0	2.2	2.2	1.5
German	1.8	1.4	1.9	0.5	0.6	-0.1
UK	2.0	1.9	3.0	1.9	1.9	0.5
Japan	1.0	0.7	0.7	0.3	0.2	-0.1
Ireland	8.4	4.5	3.4	1.3	1.1	0.4
Italy	7.1	4.6	4.1	2.1	1.6	1.0
Greece	31.7	12.7	8.2	9.6	7.9	8.0
Portugal	13.4	6.9	6.1	2.7	2.5	2.7
Spain	5.1	5.4	4.1	1.6	1.7	0.9
Central Bank Rates (%)	2011	2012	2013	2014	2015	2016 YTD
ECB	1	0.75	0.25	0.05	0.05	0.0
Bank of England	0.5	0.5	0.25	0.50	0.50	0.25
U.S. Federal Reserve	0.25	0.25	0.25	0.25	0.50	0.50
Foreign Exchange Rates	2011	2012	2013	2014	2015	2016 YTD
Euro/Dollar (€/\$)	1.30	1.31	1.37	1.21	1.09	1.12
Euro/Sterling (€/£)	0.83	0.81	0.83	0.78	0.75	0.87
Sterling/Dollar (£/\$)	1.55	1.61	1.65	1.56	1.46	1.28
IPD All Property Return (%)	2011	2012	2013	2014	2015	2016
Ireland	-2.4	3.1	12.7	40.1	25.0	2.9 (to end of Q1)
U.K.	8.1	2.7	10.7	17.8	13.1	1.1 (to end of Q1)
U.S.	14.5	5.3	11.4	11.2	12.1	2.1 (to end of Q1)

*Past performance is not a reliable guide to future performance